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CONCH VENTURE
China Conch Venture Holdings Limited
中國海螺創業控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 586)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

HIGHLIGHTS

- Revenue of the Group for the six months ended 30 June 2023 amounted to approximately RMB4,437.54 million, representing an increase of 16.03% as compared with the corresponding period of the previous year.
- Net profit attributable to equity shareholders from continuing operations of the Group for the six months ended 30 June 2023 amounted to approximately RMB1,817.97 million, representing a decrease of 25.17% as compared with the corresponding period of the previous year; and net profit of our principal activities attributable to equity shareholders from continuing operations of the Group (excluding share of profits of associates) amounted to approximately RMB548.70 million, representing an increase of 1.21% as compared with the corresponding period of the previous year.
- Basic earnings per share for the six months ended 30 June 2023 amounted to RMB1.00.
- The Board resolved not to declare any interim dividend for the six months ended 30 June 2023.

The board (the “**Board**”) of directors (the “**Directors**”) of China Conch Venture Holdings Limited (the “**Company**”) hereby presents the unaudited results of operation and financial position for the six months ended 30 June 2023 (the “**Reporting Period**”) of the Company and its subsidiaries (the “**Group**”).

The unaudited consolidated financial statements of the Group for the six months ended 30 June 2023 have been approved by the Board and reviewed by the audit committee of the Board (the “**Audit Committee**”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2023 — unaudited

(Expressed in Renminbi Yuan)

		Six months ended 30 June	
	Note	2023	2022
		RMB'000	RMB'000
Continuing operations			
Revenue	3	4,437,539	3,824,351
Cost of sales		<u>(3,256,740)</u>	<u>(2,692,131)</u>
Gross profit		1,180,799	1,132,220
Other net income	4	254,595	186,566
Distribution costs		(10,841)	(9,939)
Administrative expenses		<u>(271,767)</u>	<u>(236,800)</u>
Profit from operations		1,152,786	1,072,047
Finance costs	5(a)	(356,714)	(278,597)
Share of profits of associates	8	<u>1,269,264</u>	<u>1,887,417</u>
Profit before taxation	5	2,065,336	2,680,867
Income tax	6	<u>(109,037)</u>	<u>(131,947)</u>
Profit for the period from continuing operations		<u>1,956,299</u>	<u>2,548,920</u>
Discontinued operations			
Profit from discontinued operations		—	56,758
Net gain on distribution in specie		—	<u>12,049,261</u>
Profit for the period		<u>1,956,299</u>	<u>14,654,939</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)
for the six months ended 30 June 2023 — unaudited
(Expressed in Renminbi Yuan)

	<i>Note</i>	Six months ended 30 June	
		2023	2022
		RMB'000	RMB'000
Attributable to equity shareholders of the Company:			
— from continuing operations		1,817,965	2,429,553
— from discontinued operations		—	12,107,011
		<u>1,817,965</u>	<u>14,536,564</u>
Attributable to non-controlling interests of the Company:			
— from continuing operations		138,334	119,367
— from discontinued operations		—	(992)
		<u>138,334</u>	<u>118,375</u>
Profit for the period		<u>1,956,299</u>	<u>14,654,939</u>
Basic earnings per share			
	<i>7(a)</i>		
— from continuing operations (<i>RMB</i>)		1.00	1.33
— from discontinued operations (<i>RMB</i>)		—	6.63
		<u>1.00</u>	<u>7.96</u>
Diluted earnings per share			
	<i>7(b)</i>		
— from continuing operations (<i>RMB</i>)		1.00	1.33
— from discontinued operations (<i>RMB</i>)		—	6.63
		<u>1.00</u>	<u>7.96</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

*for the six months ended 30 June 2023 — unaudited
(Expressed in Renminbi Yuan)*

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Profit for the period	1,956,299	14,654,939
Other comprehensive income for the period (after tax and reclassification adjustments)		
Item that will not be reclassified to profit or loss:		
Share of other comprehensive income of associates, net of tax	(101,172)	(326,276)
Items that may be reclassified subsequently to profit or loss:		
Share of other comprehensive income of associates, net of tax	(15,198)	(15,309)
Exchange differences on translation of financial statements of overseas subsidiaries	(118,923)	(154,354)
Other comprehensive income for the period	(235,293)	(495,939)
Total comprehensive income for the period	1,721,006	14,159,000

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (CONTINUED)**

*for the six months ended 30 June 2023 — unaudited
(Expressed in Renminbi Yuan)*

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Attributable to equity shareholders of the Company:		
— from continuing operations	1,582,672	1,933,614
— from discontinued operations	—	12,107,011
	<u>1,582,672</u>	<u>14,040,625</u>
	<u>1,582,672</u>	<u>14,040,625</u>
Attributable to non-controlling interests of the Company:		
— from continuing operations	138,334	119,367
— from discontinued operations	—	(992)
	<u>138,334</u>	<u>118,375</u>
	<u>138,334</u>	<u>118,375</u>
Total comprehensive income for the period	<u>1,721,006</u>	<u>14,159,000</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2023 — unaudited

(Expressed in Renminbi Yuan)

	<i>Note</i>	At 30 June 2023 <i>RMB'000</i>	At 31 December 2022 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		5,939,032	4,077,828
Right-of-use assets		1,811,322	1,743,969
Intangible assets		18,511,143	16,688,910
Goodwill		182,361	134,927
Interests in associates	8	37,319,661	36,896,482
Contract assets	9	4,412,139	4,805,720
Non-current portion of trade and other receivables	10	1,564,677	1,513,072
Financial assets measured at fair value through profit and loss (“FVPL”)		82,500	82,500
Equity securities measured at fair value through other comprehensive income (“FVOCI”)		10,320	10,320
Deferred tax assets		67,812	62,404
		<u>69,900,967</u>	<u>66,016,132</u>
Current assets			
Financial assets measured at fair value through profit and loss (“FVPL”)		792,837	364,596
Inventories		419,732	444,393
Contract assets	9	613,242	526,408
Trade and other receivables	10	3,375,291	2,845,863
Restricted bank deposits		71,430	110,848
Bank deposits with original maturity over three months		350,000	710,000
Cash and cash equivalents		8,407,577	4,361,637
		<u>14,030,109</u>	<u>9,363,745</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

at 30 June 2023 — unaudited

(Expressed in Renminbi Yuan)

		At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Current liabilities			
Bank loans		894,560	690,590
Convertible bonds	12	4,012,318	3,880,344
Trade and other payables	11	5,341,755	5,530,039
Contract liabilities		63,069	56,404
Lease liabilities		11,372	8,047
Dividends payable to equity shareholders of the Company	13	670,269	—
Income tax payables		237,611	188,240
		11,230,954	10,353,664
Net current assets/(liabilities)		2,799,155	(989,919)
Total assets less current liabilities		72,700,122	65,026,213
Non-current liabilities			
Bank loans		21,113,506	17,495,845
Unsecured medium-term notes (“MTN”)		2,700,000	—
Lease liabilities		31,848	20,031
Non-current portion of other payables	11	219,860	—
Deferred income		115,733	97,828
Deferred tax liabilities		237,269	240,105
		24,418,216	17,853,809
Net assets		48,281,906	47,172,404
Capital and reserves			
Share capital		14,412	14,412
Reserves		45,759,237	44,847,601
Equity attributable to equity shareholders of the Company		45,773,649	44,862,013
Non-controlling interests		2,508,257	2,310,391
Total equity		48,281,906	47,172,404

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

1 BASIS OF PREPARATION

These unaudited consolidated financial statements of the Group have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board (“IASB”). It was authorised for issuance on 25 August 2023.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 annual financial statements. Details of any changes in accounting policies are set out in note 2. The preparation of interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2022 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”).

The interim financial report is unaudited, but has been reviewed by the Audit Committee of the Company.

2 CHANGES IN ACCOUNTING POLICIES

The IASB has issued the following new and amended IFRSs that are first effective for the current accounting period of the Group:

- IFRS 17, *Insurance contracts*
- Amendments to IAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to IAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to IAS 12, *Income taxes: International tax reform — Pillar Two model rules*

These developments have no material effect on how the Group’s result and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are construction and operation of waste-to-energy projects, port logistics services, the manufacturing and sales of new building materials, new energy materials and investments.

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Continuing operations		
Waste-to-energy projects		
— Waste incineration solutions (i)	3,397,526	3,054,303
— Energy-saving equipment	<u>848,406</u>	<u>588,811</u>
Subtotal	4,245,932	3,643,114
Port logistics services	109,122	119,616
Sale of new building materials	52,854	61,621
Sale of new energy materials	<u>29,631</u>	<u>—</u>
Total revenue from continuing operations	<u>4,437,539</u>	<u>3,824,351</u>
Discontinued operations		
Solid waste solutions	<u>—</u>	<u>328,034</u>
	<u><u>4,437,539</u></u>	<u><u>4,152,385</u></u>

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is as follows:

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Timing of revenue recognition		
Continuing operations		
— Over time	3,568,553	3,249,962
— Point in time	868,986	574,389
	<u>4,437,539</u>	<u>3,824,351</u>
Discontinued operations		
— Over time	—	328,034

- (i) Revenue of waste incineration solutions under Build-Operate-Transfer (“BOT”) arrangements mainly represents the revenue for construction services, revenue from waste incineration project operation services and finance income. The amount of each significant category of revenue during the period is as follows:

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from waste incineration project construction services	1,700,135	1,847,474
Revenue from waste incineration project operation services	1,585,166	1,095,245
Finance income	112,225	111,584
	<u>3,397,526</u>	<u>3,054,303</u>
Total	<u>3,397,526</u>	<u>3,054,303</u>

(b) Segment reporting

- (i) The Group manages its businesses by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resources allocation and performance assessment, the Group has presented the following reportable segments.

The measure used by the Group's senior executive management to assess segment results is the profit before taxation. Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resources allocation and assessment of segment performance for the six months ended 30 June 2023 and 2022 is set out below:

	Six months ended 30 June 2023 (Unaudited)								
	Continuing operations						Discontinued operations		Total
	Waste-to-energy projects	Port logistics services	New building materials	New energy materials	Investments	Unallocated	Solid waste solutions	Elimination	
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
Revenue from external customers	4,245,932	109,122	52,854	29,631	-	-	-	-	4,437,539
Inter-segment revenue	-	-	923	2,042	-	-	-	(2,965)	-
Reportable segment revenue	4,245,932	109,122	53,777	31,673	-	-	-	(2,965)	4,437,539
Reportable segment profit/(loss) before taxation	775,559	62,001	(17,902)	28,861	1,269,264	(51,524)	-	(923)	2,065,336
Interest income	19,533	176	320	-	-	35,815	-	-	55,844
Interest expenses	278,000	-	-	-	-	78,714	-	-	356,714
Depreciation and amortisation	402,075	17,310	7,285	4,539	-	2,349	-	-	433,558
Provision for loss allowance									
— trade and other receivables	30,309	-	-	-	-	-	-	-	30,309
Reportable segment assets	35,214,308	438,603	3,232,363	2,460,197	37,319,661	11,910,073	-	(6,644,129)	83,931,076
Reportable segment liabilities	27,396,067	25,561	3,557,056	1,459,143	-	9,855,472	-	(6,644,129)	35,649,170

Six months ended 30 June 2022 (Unaudited)

	Continuing operations						Discontinued operations		Total
	Waste-to-energy projects RMB'000	Port logistics services RMB'000	New building materials RMB'000	New energy materials RMB'000	Investments RMB'000	Unallocated RMB'000	Solid waste solutions RMB'000	Elimination RMB'000	
Revenue from external customers	3,643,114	119,616	61,621	-	-	-	328,034	-	4,152,385
Inter-segment revenue	28,928	-	-	-	-	-	9,745	(38,673)	-
Reportable segment revenue	<u>3,672,042</u>	<u>119,616</u>	<u>61,621</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>337,779</u>	<u>(38,673)</u>	<u>4,152,385</u>
Reportable segment profit/(loss) before taxation	<u>772,620</u>	<u>62,726</u>	<u>(7,769)</u>	<u>-</u>	<u>1,887,417</u>	<u>(43,373)</u>	<u>12,122,817</u>	<u>2,740</u>	<u>14,797,178</u>
Interest income	16,651	153	283	-	-	31,704	2,524	(2,904)	48,411
Interest expenses	203,773	-	-	-	-	77,728	21,404	(2,904)	300,001
Depreciation and amortisation	263,593	21,440	8,904	-	-	827	49,795	-	344,559
Provision for loss allowance — trade and other receivables	11,143	-	-	-	-	-	870	-	12,013

At 31 December 2022

	Continuing operations						Discontinued operations		Total
	Waste-to-energy projects RMB'000	Port logistics services RMB'000	New building materials RMB'000	New energy materials RMB'000	Investments RMB'000	Unallocated RMB'000	Solid waste solutions RMB'000	Elimination RMB'000	
Reportable segment assets	32,336,393	415,555	2,216,419	1,686,211	36,896,482	6,269,334	-	(4,440,517)	75,379,877
Reportable segment liabilities	23,712,166	48,924	2,442,285	933,845	-	5,510,770	-	(4,440,517)	28,207,473

(ii) *Geographic information*

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, right-of-use assets, intangible assets, goodwill, interests in associates, non-current portion of contract assets and trade and other receivables (“**specified non-current assets**”). The geographical location of customers is based on the location at which the services were provided or the goods were delivered. The geographical location of the specified non-current assets is based on the physical location of the assets, in the case of property, plant and equipment and right-of-use assets, the location of the operation to which they are allocated, in the case of intangible assets and non-current portion of contract assets and trade and other receivables, and the location of operations, in the case of interests in associates.

Revenue from external customers

	Continuing operations		Discontinued operations	
	Six month ended 30 June 2023	2022	Six month ended 30 June 2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Mainland China	3,894,623	3,795,884	–	328,034
Asia-Pacific (except Mainland China)	542,916	28,467	–	–
	<u>4,437,539</u>	<u>3,824,351</u>	<u>–</u>	<u>328,034</u>

Specified non-current assets

	30 June 2023	31 December 2022
	<i>RMB'000</i>	<i>RMB'000</i>
Mainland China	69,399,740	65,643,152
Asia-Pacific (except Mainland China)	340,595	301,844
	<u>69,740,335</u>	<u>65,944,996</u>

4 OTHER NET INCOME

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Continuing operations		
Interest income on bank deposits and cash at bank	55,844	45,887
Government grants	209,350	123,177
Recognition of negative goodwill as income	640	17,083
Net exchange gain	133	3,172
Net unrealised losses on financial assets measured at FVPL	(11,760)	(7,051)
Others	388	4,298
	<u>254,595</u>	<u>186,566</u>
Discontinued operations		
Interest income on bank deposits and cash at bank	–	2,524
Government grants	–	5,776
Others	–	215
	<u>–</u>	<u>8,515</u>
	<u>254,595</u>	<u>195,081</u>

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Finance costs:

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Continuing operations		
Interest on loans and borrowings	322,757	245,411
Interest on lease liabilities	997	274
Interest on MTN	13,490	–
Interest on convertible bonds	<u>64,147</u>	<u>60,187</u>
Total interest expense on financial liabilities not at fair value through profit or loss	401,391	305,872
Less: interest expense capitalised into construction in progress and intangible assets	<u>(44,677)</u>	<u>(27,275)</u>
	356,714	278,597
	-----	-----
Discontinued operations		
Interest on bank loans	–	30,388
Interest on lease liabilities	<u>–</u>	<u>39</u>
Total interest expense on financial liabilities not at fair value through profit or loss	–	30,427
Less: interest expense capitalised into construction in progress and intangible assets	<u>–</u>	<u>(9,023)</u>
	<u>–</u>	21,404
	-----	-----
	356,714	300,001
	=====	=====

(b) Other items:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Continuing operations		
Depreciation of owned property, plant and equipment	119,578	51,094
Depreciation of right-of-use assets	22,760	18,513
Amortisation of intangible assets	291,220	225,157
Research and development costs	33,706	31,904
Loss allowance on trade receivables	30,309	11,143
Staff costs	288,141	241,685
Discontinued operations		
Depreciation of owned property, plant and equipment	–	46,433
Depreciation of right-of-use assets	–	1,360
Amortisation of intangible assets	–	2,002
Loss allowance on trade receivables	–	870
Staff costs	–	176,059

6 INCOME TAX

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Continuing operations		
Current tax — Hong Kong Profits Tax		
Provision for the period	–	–
Current tax — PRC Income Tax		
Provision for the period	171,638	186,217
Over provision in respect of prior years	(14,949)	(6,109)
Deferred tax:		
Origination and reversal of temporary differences, net	(47,652)	(48,161)
Income tax expense on continuing operations	109,037	131,947

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Discontinued operations		
Current tax — Hong Kong Profits Tax		
Provision for the period	–	–
Current tax — PRC income tax		
Provision for the period	–	10,431
Deferred tax:		
Origination and reversal of temporary differences, net	–	(139)
Income tax expense on discontinued operations	<u>–</u>	<u>10,292</u>

- (a) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.
- (b) The provision for Hong Kong Profits Tax for 2023 is calculated at the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax was calculated at the same basis in 2022. The payments of dividends by Hong Kong companies are not subject to any Hong Kong withholding tax.
- (c) The PRC income tax law and its relevant regulations also impose a withholding tax at 10%, unless reduced by a tax treaty/arrangement, on dividend distributions made out of the PRC from earnings accumulated from 1 January 2008.

Under the Arrangement between the Mainland of China and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, a qualified Hong Kong tax resident which is the “beneficial owner” and holds 25% or more of the equity interest in a PRC-resident enterprise is entitled to a reduced withholding tax rate of 5% on dividends received.

Since the Group can control the quantum and timing of distribution of profits of the Group’s PRC subsidiaries, deferred tax liabilities are only provided to the extent that such profits are expected to be distributed in the foreseeable future.

- (d) The provision for PRC income tax is based on a statutory rate of 25% of the assessable income of the Company’s mainland China subsidiaries as determined in accordance with the relevant income tax rules and regulations of the PRC.

Pursuant to the PRC income tax law, all of the Company’s PRC subsidiaries are liable to PRC income tax at a rate of 25% except for certain entities entitled to a preferential income tax rate of 15% as they are certified as “High and New Technology Enterprise” (“HNTE”). According to Notice No. 24 issued by the State Administration of Taxation on 19 June 2017, if an entity is certified as an HNTE, it is entitled to a preferential income tax rate of 15% during the certified period.

Pursuant to Notice No. 23 issued by the State Administration of Taxation on 23 April 2020 and relevant local tax authorities' notices, certain subsidiaries of the Group are entitled to a preferential income tax rate of 15% as qualifying companies located in western areas in the PRC during the six months ended 30 June 2023.

- (e) Pursuant to the PRC Enterprise Income Tax Law Implementing Regulations issued by State Council of the People's Republic of China, certain subsidiaries engaged in waste incineration are eligible for a preferential tax treatment of income tax exemption for the first three years starting from which revenue is generated and 50% income tax reduction for the next three years.

7 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company for the six months ended 30 June 2023 and the weighted average number of ordinary shares in issue during the six months ended 30 June 2023.

(i) *Weighted average number of ordinary shares*

	Six months ended 30 June	
	2023	2022
	'000	'000
Issued ordinary shares at 1 January	1,812,985	1,826,765
Effect of repurchase and cancelled ordinary shares	—	(1,015)
	<u>1,812,985</u>	<u>1,825,750</u>
Weighted average number of ordinary shares	<u>1,812,985</u>	<u>1,825,750</u>

(ii) *Profit attributable to ordinary equity shareholders*

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Profit attributable to ordinary equity shareholders		
— Continuing operations	1,817,965	2,429,553
— Discontinued operations	—	12,107,011
	<u>1,817,965</u>	<u>14,536,564</u>
	<u>1,817,965</u>	<u>14,536,564</u>

(iii) *Basic earnings per share*

	Six months ended 30 June	
	2023	2022
	RMB	RMB
Basic earnings per share		
— Continuing operations	1.00	1.33
— Discontinued operations	—	6.63
	<u>1.00</u>	<u>7.96</u>

(b) **Diluted earnings per share**

Diluted earnings per share for the six months ended 30 June 2023 and 2022 is the same as the basic earnings per share as there were no potentially dilutive ordinary shares issued.

8 INTERESTS IN ASSOCIATES

As at 30 June 2023, interests in associates represented share of net assets of Anhui Conch Holdings Co., Ltd. (“**Conch Holdings**”) and other associates that are not individually material. For the six months period ended 30 June 2023, the Group recognised share of profits of associates in the amount of RMB1,269,264,000 in profit or loss from continuing operations (six months ended 30 June 2022: RMB1,887,417,000).

9 CONTRACT ASSETS

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Current:		
Service concession assets (i)	39,916	39,566
Unbilled government on-grid tariff subsidy (ii)	490,181	379,546
Retention receivables (iii)	83,145	107,296
	<u>613,242</u>	<u>526,408</u>
Non-current:		
Service concession assets (i)	4,412,139	4,805,720
	<u>5,025,381</u>	<u>5,332,128</u>

- (i) The service concession assets bear interest at rates ranging from 6.01% to 9.41% (31 December 2022: 6.01% to 9.41%) per annum as at 30 June 2023 and relate to certain BOT arrangements of the Group. The amounts are not yet due for payment and will be settled during the operating periods of the arrangements. Included in “Service concession assets” are amounts of RMB292,445,000 (31 December 2022: RMB504,590,000) relates to BOT arrangements which are in construction phase.
- (ii) The balance represented the government on-grid tariff subsidy for certain projects which will be billed and settled upon the successful completion of government administrative procedures pursuant to notices jointly issued by the Ministry of Finance, the National Development and Reform Commission and the National Energy Administration.
- (iii) The Group agrees to a retention period for 10% of the contract value for certain of its energy-saving equipment sales contracts. This amount is included in contract assets until the end of the retention period. The balances are classified as current as they are expected to be recovered within the Group’s normal operating cycle.

10 TRADE AND OTHER RECEIVABLES

	At 30 June 2023 <i>RMB'000</i>	At 31 December 2022 <i>RMB'000</i>
Trade receivables	2,298,046	1,830,396
Bills receivable	35,550	92,857
Less: loss allowance for doubtful debts	<u>(137,091)</u>	<u>(101,098)</u>
Trade and bills receivables	2,196,505	1,822,155
Deposits and prepayments	138,163	133,029
Other receivables	666,245	570,978
Interest receivables	<u>17,613</u>	<u>28,542</u>
Amounts due from third parties	3,018,526	2,554,704
Amounts due from related parties	<u>356,765</u>	<u>291,159</u>
Current portion of trade and other receivables	3,375,291	2,845,863
Non-current portion of trade and other receivables	<u>1,564,677</u>	<u>1,513,072</u>
Total current and non-current trade and other receivables	<u><u>4,939,968</u></u>	<u><u>4,358,935</u></u>

All of the current portion of trade and other receivables are expected to be recovered within one year.

All of the amounts due from related parties are unsecured, non-interest bearing and repayable within one year.

As at 30 June 2023, trade receivables of approximately RMB178,527,000 (31 December 2022: RMB298,071,000) were pledged as collateral for Group's bank loans.

Ageing analysis

As of the end of the reporting periods, the ageing analysis of trade receivables and bills receivable (which are included in trade and other receivables), based on the past due aging and net of loss allowance, is as follows:

	At 30 June 2023 <i>RMB'000</i>	At 31 December 2022 <i>RMB'000</i>
Current	1,752,507	1,463,265
Less than 1 year	330,239	252,416
1 to 2 years	103,193	101,425
2 to 3 years	10,566	5,049
	<u>2,196,505</u>	<u>1,822,155</u>

11 TRADE AND OTHER PAYABLES

	At 30 June 2023 <i>RMB'000</i>	At 31 December 2022 <i>RMB'000</i>
Trade payables	3,645,661	3,399,138
Bills payable	260,816	214,889
	<u>3,906,477</u>	<u>3,614,027</u>
Other payables and accruals	1,103,899	1,562,197
Amounts due to third parties	5,010,376	5,176,224
Dividends payable to the then-shareholders of the acquired subsidiaries	114,293	58,728
Dividends payable to non-controlling interests	77,102	10,972
Amounts due to related parties	139,984	284,115
Current portion of trade and other payables	5,341,755	5,530,039
Non-current portion of other payables	219,860	–
Total current and non-current trade and other payables	<u>5,561,615</u>	<u>5,530,039</u>

An ageing analysis of trade and bills payables of the Group is as follows:

	At 30 June 2023 <i>RMB'000</i>	At 31 December 2022 <i>RMB'000</i>
Within 1 year	3,520,596	3,556,093
1 year to 2 years	359,775	40,712
2 years to 3 years	16,108	9,093
Over 3 years but within 5 years	9,998	8,129
	<u>3,906,477</u>	<u>3,614,027</u>

The amounts due to related parties are all aged within one year, and are unsecured, non-interest bearing and repayable on demand.

12 CONVERTIBLE BONDS

On 5 September 2018, Conch Venture BVI, a subsidiary of the Company, issued zero coupon guaranteed convertible bond (“**the Bonds**”) with aggregate principal amount of HKD3,925,000,000 (equivalent to approximately RMB3,413,730,000) and received cash after deduction of transaction costs of HKD3,882,043,000 (equivalent to approximately RMB3,376,369,000).

Pursuant to the terms of the Bonds, the Bonds will be due in September 2023 and are guaranteed by the Company. The bond holders could convert part of or the entire outstanding bond balances at the holder’s option into fully paid ordinary shares of the Company at an initial conversion price of HKD40.18 per share, subject to adjustments under certain terms and conditions of the Bonds.

The convertible bonds can be settled by exchange of a fixed amount of cash in HKD with a fixed number of the Company’s equity instruments. In accordance with the Group’s accounting policy, the convertible bonds are accounted for as compound financial instruments which contain both a liability component and an equity component.

The movements of the components of the convertible bonds during current period are set out below:

	Liability component (At amortised cost) RMB'000	Equity component (Residual amount) RMB'000	Total RMB'000
At 1 January 2022	3,483,286	54,466	3,537,752
Interest charge	123,259	–	123,259
Redemption of convertible bonds	(48,579)	(675)	(49,254)
Exchange adjustment	322,378	–	322,378
	<hr/>	<hr/>	<hr/>
At 31 December 2022	3,880,344	53,791	3,934,135
Interest charge (<i>note 5(a)</i>)	64,147	–	64,147
Redemption of convertible bonds	(54,118)	(767)	(54,885)
Exchange adjustment	121,945	–	121,945
	<hr/>	<hr/>	<hr/>
At 30 June 2023	<u>4,012,318</u>	<u>53,024</u>	<u>4,065,342</u>

13. DIVIDENDS

Dividend payable to equity shareholders attributable to the previous financial year, approved during the interim period:

	<i>Note</i>	Six months ended 30 June	
		2023	2022
		RMB'000	RMB'000
Distribution in specie	(i)	–	14,495,378
Final dividend in respect of the previous financial year, approved during the interim period, of HKD0.40 per share (six months ended 30 June 2022: HKD0.70 per share)	(ii)	<u>670,269</u>	<u>1,090,465</u>

- (i) The entire equity interest in China Conch Environment Production Holdings Limited (“**Conch Environment**”) was spun-off via a distribution in specie completed on 30 March 2022. The transaction was recognized and measured in accordance with “*IFRIC 17 – Distribution of Non-cash Assets to Owners*”. The fair value of the net assets attributable to Conch Environment, subject to the distribution in specie, amounted to approximately RMB14,495,378,000. The transaction resulted in a non-cash gain of approximately RMB12,049,261,000 attributable to the shareholders of the Company.
- (ii) Pursuant to a resolution passed at the annual general meeting on 20 June 2023, a final dividend of HKD0.40 per share totaling HKD725,194,000 (equivalent to approximately RMB670,269,000) was approved (2022: HKD1,269,090,000 (equivalent to approximately RMB1,090,465,000), which was paid in July 2023.

The board of directors does not recommend the payment of an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

MACRO ENVIRONMENT

In the first half of 2023, the global economic development was generally on the upswing, with an improvement in trading activities of economies. China has made coordinated efforts to promote the high-quality development of enterprises, continued to optimise the industrial structure through upgrading and transformation and proactively implemented various fiscal stimulation policies, which effectively promoted steady growth in the national economy as a whole, with a GDP growth of 5.5% in the first half of the year.

With the continuous deepening of eco-civilization infrastructure, China is accelerating the establishment of a green, low-carbon and circular economic development system, which brings opportunities for the booming development of environmental protection industry. Therefore, the Group has seized the opportunity of the development of green and environmental protection industry, broadened industrial development concepts, promoted the innovation and upgrading of technologies and actively developed the recycling industry, so as to further enhance the business scale and efficiency and practise the concept of green and sustainable development with solid actions.

During the Reporting Period, the Group achieved operating revenue of RMB4.438 billion, representing a period-on-period increase of 16.03%. The net profit of our principal activities attributable to equity shareholders from continuing operations of the Group (excluding share of profits of associates) amounted to RMB0.549 billion, representing a period-on-period increase of 1.21%.

BUSINESS REVIEW

In the first half of 2023, under the strong leadership of the Board and adhering to the concept of high-quality development, the Group endeavored to build a large-scale environmental protection enterprise group with synergistic development of multiple industries by implementing refined management, reducing unit operating costs and strengthening technological research and development.

The Group explored the transformation and upgrade of the industry by focusing on technological innovation in the waste incineration solutions segment and developing various business operations such as steam sales and kitchen waste treatment, so as to ensure a stable operation of the waste incineration solutions segment. As for the new energy materials segment, the Group endeavored to build its distinctive manufacturing processes by employing innovative marketing models, proactively establishing cooperation with leading enterprises in the industry and promoting product system certification. In terms of the recycling industry, the Group advanced the development of quality projects across the country based on its unique technology.

As at the end of the Reporting Period, the Group had promoted a total of 126 projects in 25 provinces, municipalities and autonomous regions nationwide, including 105 grate furnace power generation projects, 2 kitchen waste treatment projects, 10 waste treatment by cement kilns projects, 1 waste transfer project, 2 new energy materials projects and 6 lithium battery recycling and comprehensive utilisation projects, with an annual treatment capacity of municipal waste of approximately 21.244 million tonnes (approximately 59,190 tonnes/day).

Municipal Waste Treatment

1. Grate Furnace Power Generation

1) Project expansion

During the Reporting Period, the Group successfully entered into contracts for two grate furnace power generation projects in Yuanyang, Yunnan Province and Jingshan, Hubei Province, as well as a waste transfer project in Shitai, Anhui Province. Meanwhile, the Group launched mergers and acquisitions of waste power generation project companies by fully capitalising on its industry scale advantage. During the Reporting Period, the Group carried out the mergers and acquisitions of two waste power generation projects in Liaocheng, Shandong Province and Gaotang, Shandong Province and two fly ash treatment projects in Donge, Shandong Province and Guan County, Shandong Province.

2) Project operation

During the Reporting Period, the Group endeavored to enhance the operational efficiency of its projects by implementing professional and refined management and resolving technical difficulties in operation. At the same time, the Group encouraged project companies to expand sources of waste and enhance the electricity generation level of waste-to-energy projects, so as to ensure high-quality operation of projects.

During the Reporting Period, for the grate furnace power generation segment, the Group received a total of approximately 7.558 million tonnes of municipal waste, representing a period-on-period increase of 35%. Approximately 6.576 million tonnes of municipal waste were treated, representing a period-on-period increase of 39%. On-grid electricity was approximately 2,154 million kWh, representing a period-on-period increase of 33%. The average on-grid electricity calculated according to the volume processed in furnace was approximately 328 kWh.

Details of the Group's grate furnace power generation projects are set out in the following table:

No.	Status of Construction	Project Location	Treatment Capacity	Completion Date
1	In operation	Jinzhai, Anhui Province	2 × 110,000 tonnes/year (2 × 300 tonnes/day)	January 2016
2		Tongren, Guizhou Province	2 × 110,000 tonnes/year (2 × 300 tonnes/day)	July 2017
3		Yanshan, Yunnan Province (Phase 1)	110,000 tonnes/year (300 tonnes/day)	August 2017
4		Huoqiu, Anhui Province	2 × 140,000 tonnes/year (2 × 400 tonnes/day)	January 2018
5		Li County, Hunan Province	2 × 140,000 tonnes/year (2 × 400 tonnes/day)	April 2018
6		Songming, Yunnan Province (Phase 1)	110,000 tonnes/year (300 tonnes/day)	January 2019
7		Shanggao, Jiangxi Province	140,000 tonnes/year (400 tonnes/day)	February 2019
8		Yiyang, Jiangxi Province	2 × 110,000 tonnes/year (2 × 300 tonnes/day)	June 2019
9		Shache, Xinjiang	2 × 110,000 tonnes/year (2 × 300 tonnes/day)	June 2019
10		Sishui, Shandong Province	140,000 tonnes/year (400 tonnes/day)	June 2019
11		Bole, Xinjiang	110,000 tonnes/year (300 tonnes/day)	July 2019
12		Yang County, Shaanxi Province	110,000 tonnes/year (300 tonnes/day)	October 2019
13		Baoshan, Yunnan Province	2 × 140,000 tonnes/year (2 × 400 tonnes/day)	January 2020
14		Fuquan, Guizhou Province	2 × 110,000 tonnes/year (2 × 300 tonnes/day)	January 2020
15		Lujiang, Anhui Province	2 × 180,000 tonnes/year (2 × 500 tonnes/day)	January 2020
16		Xianyang, Shaanxi Province	2 × 270,000 tonnes/year (2 × 750 tonnes/day)	July 2020
17		Xishui, Guizhou Province (Phase 1)	140,000 tonnes/year (400 tonnes/day)	July 2020
18		Shizhu, Chongqing City	110,000 tonnes/year (300 tonnes/day)	August 2020
19		Huoshan, Anhui Province	140,000 tonnes/year (400 tonnes/day)	August 2020
20		Tengchong, Yunnan Province	110,000 tonnes/year (300 tonnes/day)	November 2020
21		Ningguo, Anhui Province	140,000 tonnes/year (400 tonnes/day)	November 2020

No.	Status of Construction	Project Location	Treatment Capacity	Completion Date
22	In operation	Luxi, Yunnan Province	2 × 110,000 tonnes/year (2 × 300 tonnes/day)	January 2021
23		Mangshi, Yunnan Province	110,000 tonnes/year (300 tonnes/day)	March 2021
24		Luoping, Yunnan Province	110,000 tonnes/year (300 tonnes/day)	March 2021
25		Dexing, Jiangxi Province	140,000 tonnes/year (400 tonnes/day)	November 2020
26		Zongyang, Anhui Province (Phase 1)	140,000 tonnes/year (400 tonnes/day)	April 2021
27		Shahe, Hebei Province (Phase 1)	2 × 180,000 tonnes/year (2 × 500 tonnes/day)	April 2021
28		Shimen, Hunan Province	180,000 tonnes/year (500 tonnes/day)	May 2021
29		Jiuquan, Gansu Province	180,000 tonnes/year (500 tonnes/day)	June 2021
30		Manzhouli, Inner Mongolia	140,000 tonnes/year (400 tonnes/day)	June 2021
31		Hanshou, Hunan Province	140,000 tonnes/year (400 tonnes/day)	June 2021
32		Suiyang, Guizhou Province	140,000 tonnes/year (400 tonnes/day)	June 2021
33		Panshi, Jilin Province	140,000 tonnes/year (400 tonnes/day)	July 2021
34		Pingguo, Guangxi Region (Phase 1)	140,000 tonnes/year (400 tonnes/day)	July 2021
35		Tongchuan, Shaanxi Province	180,000 tonnes/year (500 tonnes/day)	August 2021
36		Zhenxiong, Yunnan Province (Phase 1)	180,000 tonnes/year (500 tonnes/day)	September 2021
37		Shuangfeng, Hunan Province	180,000 tonnes/year (500 tonnes/day)	October 2021
38		Hejin, Shanxi Province	180,000 tonnes/year (500 tonnes/day)	October 2021
39		Pingliang, Gansu Province	180,000 tonnes/year (500 tonnes/day)	November 2021
40		Binzhou, Shaanxi Province	110,000 tonnes/year (300 tonnes/day)	November 2021
41		Tongzi, Guizhou Province	180,000 tonnes/year (500 tonnes/day)	November 2021
42		Wuwei, Anhui Province	180,000 tonnes/year (500 tonnes/day)	December 2021
43		Fugou, Henan Province	220,000 tonnes/year (600 tonnes/day)	April 2022

No.	Status of Construction	Project Location	Treatment Capacity	Completion Date
44	In operation	Du'an, Guangxi Region	140,000 tonnes/year (400 tonnes/day)	June 2022
45		Luzhai, Guangxi Region	140,000 tonnes/year (400 tonnes/day)	June 2022
46		Suzhou, Anhui Province	180,000 tonnes/year (500 tonnes/day)	August 2022
47		Longkou, Shandong Province	220,000 tonnes/year (600 tonnes/day)	August 2022
48		Zhangjiakou, Hebei Province	180,000 tonnes/year (500 tonnes/day)	September 2022
49		Fengning, Hebei Province	110,000 tonnes/year (300 tonnes/day)	October 2022
50		He County, Anhui Province	220,000 tonnes/year (600 tonnes/day)	October 2022
51		Naiman Banner, Inner Mongolia	110,000 tonnes/year (300 tonnes/day)	November 2022
52		Weichang, Hebei Province	110,000 tonnes/year (300 tonnes/day)	February 2023
53		Shucheng, Anhui Province	140,000 tonnes/year (400 tonnes/day)	March 2023
54		Shulan, Jilin Province	140,000 tonnes/year (400 tonnes/day)	April 2023
55		Xichou, Yunnan Province	180,000 tonnes/year (500 tonnes/day)	June 2023
56		Taonan, Jilin Province	140,000 tonnes/year (400 tonnes/day)	June 2023

No.	Status of Construction	Project Location	Treatment Capacity	Completion Date
57	In operation (Project acquired)	Luanzhou, Hebei Province	180,000 tonnes/year (500 tonnes/day)	January 2021
58		Guantao, Hebei Province	180,000 tonnes/year (500 tonnes/day)	January 2021
59		Guan County, Shandong Province	220,000 tonnes/year (600 tonnes/day)	March 2020
60		Chiping, Shandong Province	220,000 tonnes/year (600 tonnes/day)	June 2018
61		Jinxiang, Shandong Province	290,000 tonnes/year (800 tonnes/day)	October 2019
62		Chenzhou, Hunan Province	450,000 tonnes/year (1,250 tonnes/day)	July 2015
63		Baotou, Inner Mongolia	490,000 tonnes/year (1,350 tonnes/day)	December 2012
64		Hohhot, Inner Mongolia	630,000 tonnes/year (1,750 tonnes/day)	November 2017
65		Jilin, Jilin Province	540,000 tonnes/year (1,500 tonnes/day)	January 2009
66		Bijie, Guizhou Province	290,000 tonnes/year (800 tonnes/day)	April 2021
67		Jingdezhen, Jiangxi Province (Phase 1)	360,000 tonnes/year (1,000 tonnes/day)	November 2016
68		Liaocheng, Shandong Province	360,000 tonnes/year (1,000 tonnes/day)	December 2012
69		Gaotang, Shandong Province	220,000 tonnes/year (600 tonnes/day)	May 2020
Sub-total:			14,370,000 tonnes/year (39,950 tonnes/day)	

No.	Status of Construction	Project Location	Treatment Capacity	Expected Completion Date
70	Under construction	Jinning, Yunnan Province	140,000 tonnes/year (400 tonnes/day)	July 2023
71		Meitan, Guizhou Province	140,000 tonnes/year (400 tonnes/day)	July 2023
72		Jingdezhen, Jiangxi Province (Phase 2)	180,000 tonnes/year (500 tonnes/day)	October 2023
73		Danjiangkou, Hubei Province	110,000 tonnes/year (300 tonnes/day)	October 2023
74		Songming, Yunnan Province (Phase 2)	180,000 tonnes/year (500 tonnes/day)	October 2023
75		Bac Ninh, Vietnam	110,000 tonnes/year (300 tonnes/day)	October 2023
76		Liangping, Chongqing City	140,000 tonnes/year (400 tonnes/day)	November 2023
77		Huayin, Shaanxi Province	140,000 tonnes/year (400 tonnes/day)	November 2023
78		Qingzhen, Guizhou Province	180,000 tonnes/year (500 tonnes/day)	December 2023
79		Pingguo, Guangxi Region (Phase 2)	140,000 tonnes/year (400 tonnes/day)	December 2023
80		Qiyang, Hunan Province	180,000 tonnes/year (500 tonnes/day)	December 2023
81		Dongzhi, Anhui Province	140,000 tonnes/year (400 tonnes/day)	January 2024
82		Yongde, Yunnan Province	180,000 tonnes/year (500 tonnes/day)	May 2024
83		Gengma, Yunnan Province	110,000 tonnes/year (300 tonnes/day)	May 2024
84		Wushan, Chongqing City	130,000 tonnes/year (350 tonnes/day)	May 2024
85		Zhuanglang, Gansu Province	180,000 tonnes/year (500 tonnes/day)	June 2024
86		Haidong, Qinghai Province	180,000 tonnes/year (500 tonnes/day)	June 2024
87		Jianshui, Yunnan Province	180,000 tonnes/year (500 tonnes/day)	July 2024
88		Tai'an, Liaoning Province	110,000 tonnes/year (300 tonnes/day)	August 2024
89		Lufeng, Yunnan Province	110,000 tonnes/year (300 tonnes/day)	August 2024
90	Yuanyang, Yunnan Province	110,000 tonnes/year (300 tonnes/day)	August 2024	
Sub-total:			3,070,000 tonnes/year (8,550 tonnes/day)	

No.	Status of Construction	Project Location	Treatment Capacity	Expected Completion Date
91	Under approval and planning	Susong, Anhui Province	140,000 tonnes/year (400 tonnes/day)	/
92		Yan Shan, Yunnan Province (Phase 2)	110,000 tonnes/year (300 tonnes/day)	/
93		Hunyuan, Shanxi Province	180,000 tonnes/year (500 tonnes/day)	/
94		Youxi, Fujian Province (Phase 1)	140,000 tonnes/year (400 tonnes/day)	/
95		Yun County, Yunnan Province	180,000 tonnes/year (500 tonnes/day)	/
96		Nandan, Guangxi Region	110,000 tonnes/year (300 tonnes/day)	/
97		Jingshan, Hubei Province	130,000 tonnes/year (350 tonnes/day)	/
Sub-total:			990,000 tonnes/year (2,750 tonnes/day)	
98	Reserve project	Youxi, Fujian Province (Phase 2)	140,000 tonnes/year (400 tonnes/day)	/
99		Zhenxiong, Yunnan Province (Phase 2)	180,000 tonnes/year (500 tonnes/day)	/
100		Xishui, Guizhou Province (Phase 2)	140,000 tonnes/year (400 tonnes/day)	/
101		Zongyang, Anhui Province (Phase 2)	140,000 tonnes/year (400 tonnes/day)	/
102		Shahe, Hebei Province (Phase 2)	2 × 180,000 tonnes/year (2 × 500 tonnes/day)	/
103		Taiyuan, Vietnam	180,000 tonnes/year (500 tonnes/day)	/
104		Xuan Son, Vietnam	2 × 180,000 tonnes/year (2 × 500 tonnes/day)	/
105		Gampaha District, Sri Lanka	180,000 tonnes/year (500 tonnes/day)	/
Sub-total:			1,680,000 tonnes/year (4,700 tonnes/day)	
Total:			20,110,000 tonnes/year (55,950 tonnes/day)	

Note: Annual treatment capacity of the project = Daily treatment capacity of the project multiplied by 360 days

As at the end of the Reporting Period, a total of 31 of the Group's grate furnace power generation projects were included in the list of national subsidised renewable energy power generation projects.

2. Kitchen Waste Treatment

The Group has actively expanded the kitchen waste treatment business. During the Reporting Period, the Group secured 3 new kitchen waste treatment projects in Shucheng, Anhui Province, Shanggao, Jiangxi Province and Dexing, Jiangxi Province, of which the projects in Wuhu, Anhui Province and Lingbi, Anhui Province are run by independently operated project companies. As at the end of the Reporting Period, a total of 16 projects were contracted, with a treatment capacity of approximately 394,000 tonnes/year (1,040 tonnes/day).

Details of the Group's kitchen waste treatment projects are set out in the following table:

No.	Status of Construction	Project Location	Treatment Capacity
1	In operation	Longkou, Shandong Province	10,000 tonnes/year (30 tonnes/day)
2		Fengning, Hebei Province	7,000 tonnes/year (20 tonnes/day)
3		Fugou, Henan Province	10,000 tonnes/year (30 tonnes/day)
4		Hejin, Shanxi Province	20,000 tonnes/year (45 tonnes/day)
5		Pingliang, Gansu Province	20,000 tonnes/year (50 tonnes/day)
6		Suzhou, Anhui Province	70,000 tonnes/year (200 tonnes/day)
7		Weichang, Hebei Province	7,000 tonnes/year (20 tonnes/day)
8		Jinzhai, Anhui Province	20,000 tonnes/year (45 tonnes/day)
9		Wuhu, Anhui Province	70,000 tonnes/year (200 tonnes/day)
10		Lingbi, Anhui Province	40,000 tonnes/year (100 tonnes/day)
Sub-total:			274,000 tonnes/year (740 tonnes/day)
11	Under construction	Songming, Yunnan Province	20,000 tonnes/year (50 tonnes/day)
12		Jinning, Yunnan Province	10,000 tonnes/year (30 tonnes/day)
13		Liangping, Chongqing City	40,000 tonnes/year (100 tonnes/day)
14		Shucheng, Anhui Province	20,000 tonnes/year (45 tonnes/day)
15		Shanggao, Jiangxi Province	20,000 tonnes/year (45 tonnes/day)
16		Dexing, Jiangxi Province	10,000 tonnes/year (30 tonnes/day)
Sub-total:			120,000 tonnes/year (300 tonnes/day)
Total:			394,000 tonnes/year (1,040 tonnes/day)

3. Waste Treatment by Cement Kilns

As at the end of the Reporting Period, 10 projects of waste treatment by cement kilns were completed, with a treatment capacity of approximately 740,000 tonnes/year (2,200 tonnes/day). A total of approximately 194,000 tonnes of municipal waste were received, and a total of approximately 161,000 tonnes of municipal waste were treated.

Details of the Group's waste treatment by cement kilns projects are set out in the following table:

No.	Status of Construction	Project Location	Business Model	Treatment Capacity
1	In operation	Qingzhen, Guizhou Province	BOT	100,000 tonnes/year (300 tonnes/day)
2		Yangchun, Guangdong Province		70,000 tonnes/year (200 tonnes/day)
3		Qiyang, Hunan Province		100,000 tonnes/year (300 tonnes/day)
4		Fusui, Guangxi Region		70,000 tonnes/year (200 tonnes/day)
5		Nanjiang, Sichuan Province		70,000 tonnes/year (200 tonnes/day)
6		Lingyun, Guangxi Region		30,000 tonnes/year (100 tonnes/day)
7		Xing'an, Guangxi Region		100,000 tonnes/year (300 tonnes/day)
8		Yingjiang, Yunnan Province		70,000 tonnes/year (200 tonnes/day)
9		Linxia, Gansu Province		100,000 tonnes/year (300 tonnes/day)
10		Yuping, Guizhou Province		30,000 tonnes/year (100 tonnes/day)
Total:				740,000 tonnes/year (2,200 tonnes/day)

As at the end of the Reporting Period, the Group had a municipal waste treatment capacity of approximately 21.244 million tonnes/year (approximately 59,190 tonnes/day), including approximately 15.384 million tonnes/year (approximately 42,890 tonnes/day) completed and approximately 5.86 million tonnes/year (approximately 16,300 tonnes/day) under construction, under approval and planning and reserve.

New Energy Materials

With the increasing global demand for clean energy, the new energy battery industry is developing rapidly. The policy orientation, technological innovation and continuous improvement of industry chain have driven a new round of development in the industry. During the Reporting Period, the Group continuously improved the supply and sales system and accelerated the process of product certification of its project on lithium iron phosphate cathode materials with a focus on the trend of raw material prices. At the same time, the Group continued to optimise the construction plan for the first phase of the project on anode materials for energy storage batteries, steadily promoted engineering construction, and strived to achieve early commissioning of such project.

During the Reporting Period, the Group achieved revenue from new energy materials product sales of RMB29.63 million.

As the core of the Group for future industry development, the recycling industry focuses on further improvement of key operational indicators of projects while accelerating its layout of key regional projects across the country. During the Reporting Period, the Group signed contracts for three lithium battery recycling and comprehensive utilisation projects in Shijiazhuang, Hebei Province, Zaozhuang, Shandong Province and Tongchuan, Shaanxi Province, with a total contracted treatment capacity of approximately 135,000 tonnes/year. As at the date of this announcement, the Group successfully acquired a packaging container recycling project, which may dispose of 430,000 packaging containers/year.

Details of the Group's lithium battery recycling and comprehensive utilisation projects are set out in the following table:

No.	Status of Construction	Project Location	Treatment Capacity	Expected Completion Date
1	Under construction	Wuhu, Anhui Province	15,000 tonnes/year	December 2023
Sub-total:			15,000 tonnes/year	
2	Under approval and planning	Huaipei, Anhui Province	15,000 tonnes/year	/
3		Shijiazhuang, Hebei Province	30,000 tonnes/year	/
4		Dengfeng, Henan Province	15,000 tonnes/year	/
5		Tongchuan, Shaanxi Province	30,000 tonnes/year	/
Sub-total:			90,000 tonnes/year	
6	Reserve project	Zaozhuang, Shandong Province	30,000 tonnes/year	/
Sub-total:			30,000 tonnes/year	
Total:			135,000 tonnes/year	

New Building Materials and Port Logistics

The Group has conducted an in-depth analysis of the current product demand for new building materials and took the market demand as the guidance to consolidate the market share of core customers. In addition, the Group has also enriched product application scenarios, given play to product competitive advantages and exploited market segments, therefore seizing high-quality orders.

During the Reporting Period, the Group recorded product sales of new building materials of approximately 3.42 million square metres, with revenue of RMB52.85 million.

The Group has continued to carry out the construction of ecological terminals, achieved intelligent upgrading of equipment and management systems, strengthened market expansion and optimised customer and resource structure, so as to increase market share and build advanced intelligent ports.

During the Reporting Period, the Group recorded a throughput of port logistics of approximately 15.75 million tonnes, with revenue of RMB109.12 million.

PROFITS

Item	January to June 2023 Amount (RMB'000)	January to June 2022 Amount (RMB'000)	Changes between the Reporting Period and the corresponding period of the previous year (%)
Revenue	4,437,539	3,824,351	16.03
Profit before taxation	2,065,336	2,680,867	-22.96
Share of profits of associates	1,269,264	1,887,417	-32.75
Profit before taxation from principal businesses	796,072	793,450	0.33
Net profit attributable to equity shareholders of the Company	1,817,965	2,429,553	-25.17
Net profit from principal businesses attributable to equity shareholders of the Company	548,701	542,136	1.21

During the Reporting Period, the Group achieved revenue of RMB4,437.54 million, representing a period-on-period increase of 16.03%. Profit before taxation amounted to RMB2,065.34 million, representing a period-on-period decrease of 22.96%, mainly due to the decrease in share of profits of associates such as Conch Holdings. Share of profits of associates amounted to RMB1,269.26 million, representing a period-on-period decrease of 32.75%. Profit before taxation from principal businesses amounted to RMB796.07 million, representing a period-on-period increase of 0.33%. Net profit attributable to equity shareholders of the Company amounted to RMB1,817.97 million, representing a period-on-period decrease of 25.17%, among which, net profit from principal businesses attributable to equity shareholders of the Company amounted to RMB548.70 million, representing a period-on-period increase of 1.21%. Basic earnings per share and diluted earnings per share amounted to RMB1.00.

Revenue by business stream

Item	January — June 2023		January — June 2022		Change in amount (%)	Change in percentage (percentage points)
	Amount (RMB'000)	Percentage (%)	Amount (RMB'000)	Percentage (%)		
Waste incineration solutions	3,397,526	76.56	3,054,303	79.86	11.24	-3.30
Energy-saving equipment	848,406	19.12	588,811	15.40	44.09	3.72
New building materials	52,854	1.19	61,621	1.61	-14.23	-0.42
New energy materials	29,631	0.67	—	—	—	0.67
Port logistics	109,122	2.46	119,616	3.13	-8.77	-0.67
Total	4,437,539	100.00	3,824,351	100.00	16.03	—

During the Reporting Period, revenue of the Group maintained growth, of which the revenue from energy-saving equipment showed more substantial period-on-period growth. With a breakdown by business:

- (i) The revenue from waste incineration solutions amounted to RMB3,397.53 million, representing a period-on-period increase of 11.24%, which was mainly due to the successive commencement of operation of 7 projects of the Group in Shucheng, Anhui Province, Shulan, Jilin Province, Weichang, Hebei Province and other locations during the Reporting Period, and the commencement of operation of 7 projects of the Group in He County, Anhui Province, Longkou, Shandong Province and other locations in the second half of last year, resulting in the growth in revenue.
- (ii) The revenue from energy-saving equipment amounted to RMB848.41 million, representing a period-on-period increase of 44.09%, which was mainly due to the increase in orders as the Group actively expanded overseas market.

- (iii) The revenue from new building materials amounted to RMB52.85 million, representing a period-on-period decrease of 14.23%, which was mainly due to the decrease in both sales volume and prices as a result of the impact of the market.
- (iv) The revenue from new energy materials amounted to RMB29.63 million, which was mainly due to the Group's active market expansion and successful sales of new energy materials.
- (v) The revenue from port logistics amounted to RMB109.12 million, representing a period-on-period decrease of 8.77%, mainly due to the period-on-period decrease in throughput as a result of the impact of the market, leading to the decrease in revenue.

Breakdown of revenue from waste incineration solutions

Revenue Breakdown	January — June 2023		January — June 2022		Change in amount (%)	Change in percentage (percentage points)
	Amount (RMB'000)	Percentage (%)	Amount (RMB'000)	Percentage (%)		
Construction revenue	1,700,135	50.04	1,847,474	60.49	-7.98	-10.45
Grate furnace power generation	1,700,135	50.04	1,824,089	59.72	-6.80	-9.68
Waste treatment by cement kilns	-	-	23,385	0.77	-	-0.77
Operation revenue	1,697,391	49.96	1,206,829	39.51	40.65	10.45
Grate furnace power generation	1,667,345	49.08	1,175,421	38.48	41.85	10.60
Waste treatment by cement kilns	30,046	0.88	31,408	1.03	-4.34	-0.15
Total	3,397,526	100.00	3,054,303	100.00	11.24	-

During the Reporting Period, the revenue from waste incineration solutions segment during the construction period amounted to RMB1,700.14 million, representing a period-on-period decrease of 7.98%, which was mainly due to the decrease in the number of the Group's projects under construction. The operation revenue from waste incineration solutions segment amounted to RMB1,697.39 million, representing a period-on-period increase of 40.65%, which was mainly due to the commencement of operation of 7 new projects in Shucheng, Anhui Province, Shulan, Jilin Province, Weichang, Hebei Province and other locations, and 7 projects under operation in He County, Anhui Province, Longkou, Shandong Province and other locations in the second half of last year, leading to the growth in revenue.

Revenue by geographical locations

Item	January — June 2023		January — June 2022		Change in amount (%)	Change in percentage (percentage points)
	Amount	Percentage	Amount	Percentage		
	(RMB'000)	(%)	(RMB'000)	(%)		
Mainland China	3,894,623	87.77	3,795,884	99.26	2.60	-11.49
Asia (except Mainland China)	542,916	12.23	28,467	0.74	1,807.18	11.49
Total	4,437,539	100.00	3,824,351	100.00	16.03	-

During the Reporting Period, the Group's revenue derived from the Mainland China market recorded a period-on-period increase of 2.60%. The revenue derived from Asia (except Mainland China) market amounted to RMB542.92 million with a significant period-on-period increase, which was mainly due to the increase in the number of the Group's overseas orders for energy-saving equipment.

Gross profit and gross profit margin

Item	January — June 2023		January — June 2022		Change in amount (%)	Change in gross profit margin (percentage points)
	Gross Profit	Gross Profit margin	Gross Profit	Gross Profit margin		
	(RMB'000)	(%)	(RMB'000)	(%)		
Waste incineration solutions	970,900	28.58	879,082	28.78	10.44	-0.20
Energy-saving equipment	135,391	15.96	170,794	29.01	-20.73	-13.05
New building materials	1,373	2.60	8,762	14.22	-84.33	-11.62
New energy materials	5,698	19.23	-	-	-	19.23
Port logistics	67,437	61.80	73,582	61.52	-8.35	0.28
Total	1,180,799	26.61	1,132,220	29.61	4.29	-3.00

During the Reporting Period, the gross profit margin of the Group was 26.61%, representing a period-on-period decrease of 3.00 percentage points. With a breakdown by business segments:

- (i) the gross profit margin for waste incineration solutions was 28.58%, basically unchanged from the last period.
- (ii) the gross profit margin for energy-saving equipment was 15.96%, representing a period-on-period decrease of 13.05 percentage points, which was mainly due to the lower gross profit caused by the low gross profit of overseas business orders acquired by the Group as affected by the market.
- (iii) the gross profit margin for new building materials was 2.60%, representing a period-on-period decrease of 11.62 percentage points, which was mainly due to the increase in fixed costs per unit resulting from the decrease in production as affected by market fluctuations.
- (iv) the gross profit margin for port logistics was 61.80%, basically unchanged from the last period.

Other net income

During the Reporting Period, the Group's other net income amounted to RMB254.60 million, representing a period-on-period increase of RMB68.03 million, or 36.46%, which was mainly because of the period-on-period increase in the government grants received by the Group.

Administrative expenses

During the Reporting Period, the Group's administrative expenses amounted to RMB271.77 million, representing a period-on-period increase of RMB34.97 million, or 14.77%, which was mainly due to the increase in depreciation expense and the Group's provision for loss allowance of trade and other receivables.

Finance costs

During the Reporting Period, the Group's finance costs amounted to RMB356.71 million, representing a period-on-period increase of RMB78.12 million, or 28.04%, which was mainly due to the new bank loans of the Group and the issuance of medium-term notes, resulting in the increase in finance costs.

FINANCIAL POSITION

As at 30 June 2023, the Group's total assets amounted to RMB83,931.08 million, representing an increase of RM8,551.20 million as compared to the end of the previous year. The equity attributable to equity shareholders of the Company amounted to RMB45,773.65 million, representing an increase of RMB911.64 million as compared to the end of the previous year. Gearing ratio of the Group (total liabilities/total assets) was 42.47%, representing an increase of 5.05 percentage points as compared to the end of the previous year. The balance sheet items of the Group are as follows:

Item	As at 30 June 2023 (RMB'000)	As at 31 December 2022 (RMB'000)	Change between the end of the Reporting Period and the end of the previous year (%)
Property, plant and equipment	5,939,032	4,077,828	45.64
Non-current assets	69,900,967	66,016,132	5.88
Non-current liabilities	24,418,216	17,853,809	36.77
Current assets	14,030,109	9,363,745	49.83
Current liabilities	11,230,954	10,353,664	8.47
Net current assets/(liabilities)	2,799,155	-989,919	-
Equity attributable to equity shareholders of the Company	45,773,649	44,862,013	2.03
Total assets	83,931,076	75,379,877	11.34
Total liabilities	35,649,170	28,207,473	26.38

Non-current assets and non-current liabilities

As at 30 June 2023, non-current assets of the Group amounted to RMB69,900.97 million, representing an increase of 5.88% as compared to the end of the previous year, which was mainly due to the increase in investment by the Group in property, plant and equipment and intangible assets; non-current liabilities amounted to RMB24,418.22 million, representing an increase of 36.77% as compared to the end of the previous year, which was mainly due to the increase in bank loans of the Group and the issuance of medium-term notes during the Reporting Period.

Current assets and current liabilities

As at 30 June 2023, current assets of the Group amounted to RMB14,030.11 million, current liabilities amounted to RMB11,230.95 million, net current assets amounted to RMB2,799.16 million, representing an increase of RMB3,789.07 million as compared to the end of the previous year, which was mainly due to the increase in cash and cash equivalents as the Group raised proceeds of RMB2.7 billion from the issuance of medium-term notes during the Reporting Period.

Equity attributable to equity shareholders of the Company

As at 30 June 2023, the equity attributable to equity shareholders of the Company amounted to RMB45,773.65 million, representing an increase of 2.03% as compared to the end of the previous year, which was mainly due to the both increases in the net profit of the principle business and the equity in associated companies attributable to equity shareholders of the Group.

LIQUIDITY AND CAPITAL SOURCES

During the Reporting Period, the Group took full advantage of the capital size and enhanced returns of the stock funds through enhancing capital planning and management and reasonable allocation of project loans, so as to fully satisfy the Company's capital needs. As of 30 June 2023, the Group's cash and cash equivalents amounted to RMB8,407.58 million, which were mainly denominated in RMB, Hong Kong dollars and US dollars.

Bank loans

Item	As at 30 June 2023 (RMB'000)	As at 31 December 2022 (RMB'000)
Due within one year	894,560	690,590
Due after one year but within two years	3,467,856	940,520
Due after two years but within five years	5,126,630	6,474,896
Due after five years	12,519,020	10,080,429
Total	22,008,066	18,186,435

As at 30 June 2023, the balance of bank loans of the Group amounted to RMB22,008.07 million, representing an increase of RMB3,821.63 million as compared to the end of the previous year, which was mainly due to the increase in bank loans raised by the Group during the Reporting Period. As at 30 June 2023, the Group's bank loans were denominated in RMB and US dollars, and most of the loan interests were subject to variable interest rate.

Cash flows

Item	January–June 2023 (RMB'000)	January– June 2022 (RMB'000)
Net cash generated from operating activities	935,991	866,517
Net cash used in investing activities	-2,519,033	-2,257,870
Net cash generated from financing activities	5,625,961	4,395,077
Net increase in cash and cash equivalents	4,042,919	3,003,724
Effect of foreign exchange rate changes	3,021	-44,286
Cash and cash equivalents at the beginning of the period	4,361,637	3,156,158
Distribution in specie	-	-541,906
Cash and cash equivalents at the end of the period	<u>8,407,577</u>	<u>5,573,690</u>

Net cash generated from operating activities

During the Reporting Period, net cash generated from operating activities of the Group amounted to RMB935.99 million, representing a period-on-period increase of RMB69.47 million, which was mainly due to increase in the number of waste-to-energy projects in operation of the Group.

Net cash used in investing activities

During the Reporting Period, net cash used in investing activities of the Group amounted to RMB2,519.03 million, representing a period-on-period increase of RMB261.16 million, which was mainly due to combined effect of the decrease in investment expenses of the Group and the period-on-period decrease in the dividends received from the associate of Conch Holdings during the Reporting Period.

Net cash generated from financing activities

During the Reporting Period, net cash generated from financing activities of the Group amounted to RMB5,625.96 million, representing a period-on-period increase of RMB1,230.88 million, which was mainly due to the increase in proceeds from the issuance of medium term notes by the Group.

COMMITMENTS

As at 30 June 2023, the Group's commitments for purchases in connection with construction contracts were as follows:

Item	As at 30 June 2023 (RMB'000)	As at 31 December 2022 (RMB'000)
Contracted for	4,247,911	5,856,926
Authorized but not contracted for	1,274,838	2,484,854
Total	5,522,749	8,341,780

FOREIGN EXCHANGE RISK

The Group's functional currency is RMB. Foreign exchange risks faced by the Group were mainly derived from account receivables and account payables arising from sales and procurement which were mainly denominated in currencies including US dollars and Hong Kong dollars. Other than that, most of the assets and transactions of the Group were denominated in RMB, and the capital expenditures of the Group's domestic business were generally funded with the revenue in RMB. As a result, the Group is not exposed to significant foreign exchange risks.

During the Reporting Period, the Group did not use any financial derivatives to hedge against any foreign exchange risks.

CONTINGENT LIABILITIES

As at 30 June 2023, the Group did not have any material contingent liabilities.

PLEDGE OF ASSETS

As at 30 June 2023, right-of-use assets with carrying amount of RMB566.25 million, property, plant and equipment with carrying amount of RMB390.02 million and trade and other receivables with carrying amount of RMB178.53 million were pledged as collaterals for certain bank loans.

Save as disclosed above, the Group did not have any pledge of assets as at 30 June 2023.

MATERIAL INVESTMENTS, ACQUISITIONS OR DISPOSALS

During the Reporting Period, the Group entered into four separate equity transfer agreements with Shandong Guohuan Industry Investment Co., Ltd.* (山東國環產業投資有限公司) and its subsidiaries to acquire the equity interest of four subsidiaries directly or indirectly held by Shandong Guohuan Industry Investment Co., Ltd. that are principally engaged in waste power generation projects and fly ash treatment projects, at a total consideration of RMB478.69 million, subject to certain adjustments in accordance with the terms of the relevant sale and purchase agreements.

Save as disclosed above, during the Reporting Period, the Group did not have any material investments, acquisitions or disposals.

CONVERTIBLE BONDS

On 5 September 2018, China Conch Venture Holdings International Limited (“**Conch Venture BVI**”), a wholly-owned subsidiary of the Company, issued zero coupon guaranteed convertible bonds (“**Convertible Bonds**”) with an aggregate amount of HK\$3.925 billion, the net proceeds from which amounted to approximately RMB3,376.40 million (“**Net Proceeds**”). All the Net Proceeds raised have been fully utilised according to the intended use as disclosed during the year ended 31 December 2020.

On 17 April 2023, Conch Venture BVI partially redeemed the Convertible Bonds in a principal amount of HK\$56.00 million (the “**Partial Redemption**”). None of the principal amount of the Convertible Bonds has been converted into conversion shares. Immediately after the completion of Partial Redemption and as at 30 June 2023, the outstanding principal amount of the Convertible Bonds was HK\$3.817 billion. During the Reporting Period, none of the holders of the Convertible Bonds exercised their conversion rights.

ISSUE OF MEDIUM-TERM NOTES

On 20 March 2023, the Company publicly issued the first tranche of green medium-term notes in inter-bank of the PRC, with an aggregate principal amount of RMB1.2 billion at an interest rate of 2.99% per annum for a term of three years. On 6 June 2023, the Company publicly issued the second tranche of green medium-term notes in inter-bank of the PRC, with an aggregate principal amount of RMB1.5 billion at an interest rate of 3.10% per annum for a term of three years. The proceeds raised were used to repay the Group’s convertible bonds.

Details of the issue of the first tranche of green medium-term notes and the second tranche of green medium-term notes are published on the website of National Association of Financial Market Institutional Investors (www.nafmii.org.cn) and the website of Shanghai Clearing House (www.shclearing.com.cn).

HUMAN RESOURCES

The Group attached great importance to the development of human resources and continued to optimise the enterprise management system, strived to build a multi-level and systematic training system, and regularly conducted professional business training for employees in various positions to improve their comprehensive occupational skills and develop work capability on the job. At the same time, the Group also recruited students from vocational colleges and universities through various channels such as internal training and recruitment from the society, carried out oriented job training and continuously strengthened the construction of talent teams, so as to reserve professional talents for the Group's development.

As at 30 June 2023, the Group had 5,814 employees. The remuneration of employees is based on qualifications, experience, work performance and market conditions. As required by the PRC regulations on social insurance, the Group participated in the social insurance schemes operated by local government authorities which include pension insurance, medical insurance, unemployment insurance, industrial injuries insurance and maternity insurance. During the Reporting Period, the total remuneration of employees (including the remuneration of the Directors) was approximately RMB288.14 million (for the corresponding period in 2022: RMB241.69 million).

The Company adopted a share option scheme (the “**Share Option Scheme**”) pursuant to a resolution in writing passed by all shareholders of the Company on 3 December 2013 for the purpose of granting options to certain participants as incentives or rewards for their contributions to the Group. Since the listing of the Company, the Company had not granted any share options under the Share Option Scheme.

FUTURE PLAN AND OUTLOOK

In the second half of 2023, with industry development as the starting point, the Group will improve the quality and efficiency of the environmental protection business through refined internal management, expansion of external development channels and in-depth exploitation of industry segments. Meanwhile, the Group will actively and efficiently make layout in lithium battery recycling industry and explore the market of new energy materials industry, in a bid to seize the market opportunities for seeking the healthy development of mutual integration of industry structure.

Adhering to the main direction for the development of the environmental protection industry by improving quality and efficiency

First, the Group will keep advancing the research and development of technology and process innovation, in order to drive the waste treatment industry to develop in an efficient, low-carbon and environment-friendly manner by optimising processes, improving treatment efficiency, lowering energy consumption and reducing emissions. Second, the Group will strengthen market expansion and business integration, explore diversified income sources to increase revenue, realise the synergistic effect of diversified operations and enhance its comprehensive competitiveness.

Unleashing new momentum for the development of the new energy industry with innovation

The Group will continue to fully leverage on its advantages in technology upgrading and capital and focus on expanding the high-quality fields along the upstream and downstream industry chains. The Group will carry out key works from the following aspects:

Firstly, the Group aims to accelerate the in-depth deployment in recycling industry. By following the national industrial development guidance and relying on the core competitiveness built with its exclusive, safe, environmental-friendly and low-cost process of recycling and reusing lithium battery resources, the Company will be driven to deepen and refine the recycling industry. By accelerating its pace in key cities and extending its business along the upstream and downstream industry chains, the Group will strive to expand its channels in the market and strengthen the market infrastructure.

Secondly, the Group aims to improve the construction of the supply chain for the production of positive and negative electrode materials, with a focus on increasing the presence in highly concentrated consumer markets such as power batteries and energy storage batteries. The Group will explore new collaborative mechanisms and actively seek partnerships with leading upstream and downstream enterprises in the industry, with the goal of establishing stable production and sales channels and high-quality production capacity.

Achieving fast growth through multi-segment integration with strong belief

Regarding the new building materials, the Group will open up the potential of the core market, continuously expand sales channels, and further improve the quality of products and services through professional management to enhance their core competitiveness.

Regarding the port logistics, the Group will integrate existing high-quality resources, open up the potentials, optimise the cargo structure and take the terminal transformation as an opportunity to seize high-quality customer groups, thereby to realise the sustainable and stable growth of business.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended 30 June 2023.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Board confirmed that the Company has complied with the principles and all applicable code provisions of Part 2 of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) during the Reporting Period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding the securities transactions of the Company by the Directors and the relevant employees (who are likely to possess inside information of the Company or its securities) (the “**Securities Dealing Code**”) on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules. Having made specific enquiries by the Company, all Directors confirmed that they complied with the Model Code and the Securities Dealing Code during the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

During the Reporting Period, neither the Company nor its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

REVIEW OF THE INTERIM RESULTS

The Audit Committee, which comprises three independent non-executive Directors, namely Mr. Chan Chi On (alias Derek Chan), being the chairman of the Audit Committee, Mr. Chan Kai Wing and Dr. Peng Suping, has reviewed the unaudited interim results and interim report of the Group for the six months ended 30 June 2023. The Audit Committee has no disagreement with the accounting treatment adopted by the Company.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT

This results announcement is available on the website of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the website of the Company (<http://www.conchventure.com>). The interim report of the Company for the six months ended 30 June 2023 will be dispatched to the shareholders of the Company and published on the above websites in due course.

For and on behalf of the Board
China Conch Venture Holdings Limited
中國海螺創業控股有限公司
GUO Jingbin
Chairman

China, 25 August 2023

As at the date of this announcement, the Board comprises Mr. JI Qinying (Vice-Chairman and Chief Executive Officer), Mr. SHU Mao, Mr. LI Jian and Mr. LI Daming as executive Directors; Mr. GUO Jingbin (Chairman) and Mr. LIU Yan as non-executive Directors; and Mr. CHAN Chi On (alias Derek CHAN), Mr. CHAN Kai Wing and Dr. PENG Suping as independent non-executive Directors.

* *English translation or transliteration of Chinese name for identification purpose only*